

HEARING  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of: )  
 )  
Application for Certification ) Docket No.  
for the Calpine King City ) 01-EP-6  
LM6000 Project )

COUNCIL CHAMBERS  
CITY HALL  
212 S. VANDERHURST AVENUE  
KING CITY, CALIFORNIA

THURSDAY, APRIL 19, 2001  
6:00 p.m.

Reported By:  
Scott King  
Contract No. 170-99-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

Michal C. Moore, Commissioner, Presiding Member

Spencer A. Joe, Hearing Officer  
Administrative Law Judge  
Department of General Services

STAFF PRESENT

Bob Eller, Project Manager

PUBLIC ADVISER

Kim Garrett, for Public Adviser's Office

APPLICANT

Jeffrey D. Harris  
Ellison, Schneider & Harris, LLP

Brian McDonald, Project Manager  
Calpine

Bryan Bertacchi  
Calpine

Leo Sicuranza  
Environmental Project Manager  
Foster Wheeler Environmental Corporation

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 P R O C E E D I N G S

2 PRESIDING MEMBER MOORE: Good evening.

3 My name is Michal Moore. I'm a Commissioner with  
4 the California Energy Commission. And for those  
5 of you kind enough to have remembered, yes, I was  
6 the Michal Moore who used to be a County  
7 Supervisor here, and I represented the Fourth  
8 District over on the other side of the -- when  
9 Dusan Petrovich represented the Third District out  
10 of -- based out of King City. And thank you for  
11 remembering it.

12 One of the adages of politics is that  
13 there's nothing older than last year's Ferrari,  
14 and the same with politicians, so it's nice to be  
15 back.

16 I'm here in my official capacity as a  
17 Commissioner responsible for overseeing and  
18 presiding on a Peaker Case, and we'll explain a  
19 little bit more about that as we go along.

20 But to start out, what I'd like to do is  
21 to take care of some formalities, get everyone  
22 acquainted with the process that we're going to  
23 use tonight, and in the 21 days that will follow  
24 this application and this hearing.

25 In order to do that, what I'd like to do

1 is, in a sense, set some ground rules for how  
2 we'll proceed. I'd like to try and make this as  
3 orderly as possible. As you can see by the  
4 schedule that I just iterated, time is of the  
5 essence, and we don't have very much of it. To  
6 comply with the Governor's Executive Order we have  
7 to produce a report, along with my recommendation  
8 to my colleagues at the Energy Commission as to  
9 whether or not this project should get an  
10 operating certificate, and if it does, under what  
11 circumstances.

12 Let me just introduce a little bit of  
13 background information, then I would like to  
14 introduce the actors that will be here tonight,  
15 and the process that we'll use to conduct this  
16 hearing.

17 On January 17th, the Governor proclaimed  
18 a state of emergency due to the energy shortage  
19 that everyone is by now very well familiar with.  
20 And on March 8th, he issued Executive Order D2801,  
21 that required the Energy Commission to vest itself  
22 with some very extraordinary powers that have been  
23 unprecedented in the state to date. To wit, that  
24 we would, in order to meet the energy emergency,  
25 consider for licensing so-called Peaker Plants,

1       those plants that can come online ostensibly in  
2       the first go-around, to meet peak demands of  
3       electricity generation needs in the state.

4               He made -- he did that after making  
5       findings that all the other reasonable sources of  
6       continued additional electricity for the state  
7       were not going to be sufficient to meet expected  
8       demands.

9               So we, at the Energy Commission, set up  
10       a new series of guidelines and criteria by which  
11       people could apply and be considered for these  
12       power plants, and that opened the doors for people  
13       like Calpine to step up to the plate, which they  
14       are doing, and to try and meet some of the  
15       expected new demand.

16              The burden on the applicants has been  
17       considerable, and they've had to compress what  
18       would normally be a long timeline in their own  
19       planning process in order to get these things even  
20       before us to be considered, let alone to have them  
21       operational. So it's, in a sense, a heroic feat  
22       on -- on both sides, and all of us are impressed  
23       with the speed, and, frankly, the professionalism  
24       that's been shown by everyone so far.

25              So with that, we're here because Calpine

1       has selected a site and has offered it up as a  
2       potential source of new power. We'll consider  
3       this under our rules, and those rules are based on  
4       a showing that this plant will not adversely  
5       affect the environment, and can bring energy on as  
6       suggested, or as set out in their application.

7               I'm the Presiding Member on this case.  
8       I will write a decision on this that will include  
9       whether or not we recommend approval for the plant  
10      to go ahead on an operating certificate, and if  
11      so, under what circumstances, what mitigations, if  
12      any, that need to be applied to the plant in order  
13      for it to run, and for what period of time the  
14      plant can be expected to comply with those  
15      mitigation measures, or those conditions of  
16      approval.

17             I don't write that opinion alone. I  
18      have a Hearing Officer to help me with that, and  
19      in this case Spencer Joe, on my left, is my  
20      Hearing Officer, and he is my surrogate, if you  
21      will. In other words, when we're asking questions  
22      or when we're seeking information, he speaks for  
23      me, and with my voice, in order to be able to  
24      command and use information that we need in order  
25      to write the decision.



1                   The decision will be submitted to my  
2           colleagues at the California Energy Commission,  
3           and we will vote on whatever I recommend sometime  
4           in the week following 21 days from now, depending  
5           on when the decision is out. That decision will  
6           be available for a short period of time. As I  
7           indicated at the front end of this, there are  
8           extraordinary circumstances and extraordinary  
9           conditions and powers that surround this 21 day  
10          process, including the shortening of all the  
11          timelines that anyone ever had to review these  
12          matters, or to, frankly, think about them and  
13          write the -- write the opinion. So everything is  
14          compressed, including the public review process.  
15          There won't be a lot of time to look at what we  
16          write before it actually appears before the  
17          Commission.

18                   But in each step, I guarantee you that  
19          the public is welcome and encouraged to comment on  
20          what we've heard or what we have written, and that  
21          that will be taken into account before I and my  
22          colleagues vote on the matter in the future.

23                   What I'd like to do tonight, I'm going  
24          to ask my Hearing Officer if he'd like to say some  
25          words, then I'm going to go around and ask for

1       introductions from the parties that will hear us,  
2       and then we're going to -- actually, I know that  
3       the -- the Mayor, and I understand the Mayor Pro  
4       Tem, are here, and I'd like to ask them before we  
5       actually open the formal proceedings if they have  
6       some remarks that they'd like to offer to the  
7       public. I'll make that -- that time available to  
8       them.

9               Then I'm going to turn to the Applicant  
10       for a presentation about the project, so we get it  
11       described. We'll probably have some questions up  
12       here for them, but I'll ask the public to hold  
13       their questions until after everything is done,  
14       and then if they have things that they didn't  
15       hear, or weren't answered sufficiently, they can  
16       direct them through me and I'll make sure that  
17       they get answered before we -- before we quit  
18       tonight.

19              And if my Staff -- well, technically,  
20       actually, I'm divorced from my Staff, represented  
21       by Mr. Eller. But the Energy Commission Staff  
22       may, in fact, have more questions that they need  
23       to prepare their report, which will be coming  
24       before us. And so they'll be a participant,  
25       individual and divorced, in the sense that they're

1 not connected to me formally in this process.  
2 They'll be an individual participant in this  
3 process.

4 So with that, I -- we may also have  
5 other districts, the Air District, and other  
6 governmental agencies who may want to speak, and  
7 in fact will probably be subject of some  
8 questions. We'll be turning to them, as well as  
9 our Public Adviser.

10 So with that, let me start the process,  
11 and ask Mr. Joe if he would like to say anything  
12 at all, and then we'll turn to the introductions.

13 HEARING OFFICER JOE: I think there are  
14 a couple other ground rules.

15 PRESIDING MEMBER MOORE: Oh, by the way,  
16 there are no microphones for amplification  
17 tonight. The only microphones that you see, and  
18 if you have a question or you have a statement  
19 that you want to make, we'll call on you, but we  
20 need you to come to the podium to speak into the  
21 microphone so that you're getting recorded.  
22 Otherwise, the amplification is going to come from  
23 your own projection. Remember all the thespian  
24 lessons that you learned in school. Well, they'll  
25 -- they'll be well placed tonight.

1                   Mr. Joe.

2                   HEARING OFFICER JOE: I think there are  
3                   just a couple of other rules of procedure we need  
4                   to get on the record here.

5                   If you have any cell phones or beepers,  
6                   it's a good time to turn them off at this point.  
7                   We don't want to be hearing from them during the  
8                   next few hours.

9                   There's also a sign-in sheet in the  
10                  back. For those of you who have not done so,  
11                  please sign in. We're interested in seeing people  
12                  who participated, and having a record of that.

13                  In terms of the folks who would have  
14                  questions or want to make comments, Ms. Kim  
15                  Garrett, our Public Adviser, will be informing you  
16                  as to how you can get those -- to be put on the  
17                  list, in terms of being called for either  
18                  questions that you may have, or if you have  
19                  comments you would like to make. Ms. Garrett will  
20                  explain that process to you.

21                  And the other rule of procedure is that  
22                  as you come up and speak at the podium, if you  
23                  have a business card, would you please give that  
24                  to Mr. King, our reporter here, by the recorder,  
25                  and as you come up to the podium state your name

1       and spell your name for the record so that we all  
2       know who you are.

3               PRESIDING MEMBER MOORE:   Thank you very  
4       much.

5               Mr. Eller, would you like to introduce  
6       yourself and your -- where your folks are here.

7               MR. ELLER:   Thank you, Commissioner.  
8       I'm Bob Eller, with the Commission Staff.   I'm  
9       Project Manager for the King City Project.

10              PRESIDING MEMBER MOORE:   And the Public  
11       Adviser, you can introduce yourself, as long as  
12       we're at that table.

13              MS. GARRETT:   Okay.   Kim Garrett, with  
14       the Public Adviser's Office.

15              HEARING OFFICER JOE:   And Ms. Garrett,  
16       would you explain the procedures in terms of the  
17       cards that we'll be using for -- for those of us  
18       who -- those folks here who want to make a  
19       comment, or wish to ask questions?

20              MS. GARRETT:   Please.   I'm here this  
21       evening representing Roberta Mendonca, who is the  
22       Public Adviser for the California Energy  
23       Commission.   I am part of a special team assembled  
24       to assist in the siting of the energy power plants  
25       as required to address California's energy crisis.

1           The role of the Public Adviser is to  
2       assist the public in understanding the Energy  
3       Commission's siting process, and assist members of  
4       the public who want to participate in that  
5       process. Our office is in Sacramento. We can be  
6       reached by telephone toll-free, by 800 -- at 800-  
7       273-4459, or by e-mail at pao@Energy.state.ca.us.

8           You, as members of the public, have an  
9       absolute right to participate and comment on the  
10      proposed Calpine King City Power Project. The  
11      Energy Commission encourages public participation  
12      and welcomes all types of public comment and  
13      inquiry.

14           These opinions and comments will form an  
15      important source of information as the Energy  
16      Commissioner's Staff performs their independent  
17      analysis of this proposal. Because the Calpine  
18      King City Power Project case is expedited, the  
19      second public meeting, termed the Adoption  
20      Hearing, will be held in Sacramento on Wednesday,  
21      May 2nd, 2000 [sic]. To make sure that your  
22      public comments are considered, you will need to  
23      respond to whatever you hear and learn today very  
24      quickly. In other words, your comments today are  
25      very important.

1                   If you want more information on how to  
2       participate in the process, or more information on  
3       the siting of this case, please give our office a  
4       call. Materials covering the brief description of  
5       the project, how to contact the office, and  
6       business cards are located near the sign-in sheet  
7       at the back of the -- back of the room.

8                   The King City Branch of your local  
9       library, at 402 Broadway Avenue, also has a copy  
10      of the Application for Certification. Project  
11      information is also available at the Energy  
12      Commission's Web site,  
13      [www.energy.ca.gov/sitingcases/peakers/kingcity](http://www.energy.ca.gov/sitingcases/peakers/kingcity) --  
14      (Laughter.)

15                  MS. GARRETT: --- dot. The fastest way  
16      to get future public mailings about this project  
17      is to enter an e-mail address on the Energy  
18      Commission's list server, located at the Web site.

19                  One last topic. The role of the blue  
20      cards. The Public Adviser helps members of the  
21      public who want to make comments during the siting  
22      case proceedings. The public -- excuse me. The  
23      Public Adviser also helps the Commissioners and  
24      the Hearing Officer with the details of running a  
25      good meeting by circulating these blue cards.

1                   Members of the public who want to make  
2           comments during the meeting, please fill out the  
3           cards. The blue cards are used to determine the  
4           amount of public comment and the time needed to  
5           accommodate that comment, and thereby facilitates  
6           the public discussion.

7                   To make an effort for questions to be  
8           addressed, we encourage you to use the back of the  
9           blue cards for your comments.

10                  In conclusion, the Public Adviser looks  
11           forward to working closely with the public and the  
12           Calpine King City Power Project. Please call us  
13           if you have any questions.

14                  PRESIDING MEMBER MOORE: Thank you.

15                  Let me ask the Applicant, Calpine, if  
16           they'd introduce their team.

17                  MR. HARRIS: My name is Jeff Harris.  
18           I'm Counsel for Calpine in the King City project.  
19           And to my right is Mr. Brian McDonald -- Brian  
20           McDonald, who is the Project Manager. And to my  
21           left is Leo Sicuranza, who is the Environmental  
22           Project Manager for Calpine on the project.

23                  PRESIDING MEMBER MOORE: Thank you.

24                  Now, before we proceed and get into the  
25           project description, let me just digress for a



1 second. I understand the Mayor and the Mayor Pro  
2 Tem are here, and I'd like to invite them, if they  
3 have comments that they'd like to make, please  
4 come on up and put them on the record for us.

5 Mr. Mayor.

6 MAYOR PRO TEM ZECHENTMAYER: Hello,  
7 Supervisor, I'm the Mayor Pro Tem. Good to have  
8 you back in town, though.

9 You know, one of the things -- I'm  
10 Richard Zechentmayer, I'm the Mayor Pro Tem. I've  
11 already passed my card on.

12 But one of the things is we're delighted  
13 to have you here in King City, and be utilizing  
14 the Council Chambers. The Mayor is out of town,  
15 and regrets that he isn't here.

16 We have been looking forward to this  
17 hearing, and I know that when we took the tour I  
18 was out with John Buttgereit, and we were council  
19 members together. John was Mayor at the time when  
20 we looked at the original plant. And so we think  
21 that that plant has been operating in a -- in a  
22 very good manner, and so we feel that while we  
23 haven't seen all the environmental documents that  
24 you are going to get to have put together, we feel  
25 that this project that's proposed is something

1       that will fit in quite well with the community,  
2       and we're -- we hope that we will be able to do  
3       our job in solving this energy crisis that we're  
4       in.

5               So I would be -- I'll be around, and if  
6       there's any other questions, would be certainly  
7       happy to answer them.

8               PRESIDING MEMBER MOORE: Well, thank  
9       you. And it's certainly a pleasure to have the  
10      city be a partner in something like this,  
11      especially a city that tries as hard as King City  
12      does.

13              MAYOR PRO TEM ZECHENTMAYER: Thank you.

14              PRESIDING MEMBER MOORE: So, thank you.

15              All right. With that, let me turn to  
16      the Applicant, and Jeff, the floor is yours, and  
17      let's go through a tour of what you have in mind.

18              MR. HARRIS: Okay. I'm going to -- I  
19      have a few opening remarks, and then I'm going to  
20      turn it over to Mr. McDonald --

21              PRESIDING MEMBER MOORE: You might want  
22      to stand. Can everyone hear him? So it may be  
23      easier for him to project if he stands.

24              MR. HARRIS: I'm going to have just a  
25      few opening remarks, and then I'm going to turn

1 things over to Mr. McDonald, who will handle the  
2 bulk of our presentation. And Mr. Leo Sicuranza  
3 -- I'm going to work on Leo's name, he's Leo -- is  
4 here, as well. He's responsible for most of the  
5 environmental information that's in this document.  
6 It's really a good piece of work, I think, and we  
7 have a few extras available. We can get copies --  
8 there's a copy in the King City Library, you'll be  
9 able to see that, as well.

10 And I just want to say a couple of  
11 things. One of the -- one of the benefits of this  
12 project is that Calpine is coming forward to help  
13 deal with the energy crisis, and there are really  
14 two things you can do in the short term. You can  
15 increase supply, and you can lower demand.

16 This project is obviously aimed at the  
17 first element. It's increasing supply. And we'll  
18 hear about the plans and the project, and how it's  
19 going to coordinate with the existing plant. So  
20 you'll hear about that.

21 One of the -- the fringe benefits of the  
22 21 day process that's really not laid out in the  
23 Governor's decree is that it really de-emphasizes  
24 the role of lawyers, and we all think that's good.

25 (Laughter.)

1                   MR. HARRIS: Why is that? It's pretty  
2                   simple, really. To bring a project like this to  
3                   King City, to even file, you know, a document like  
4                   this, you have to do an initial showing. And that  
5                   initial showing is that the project will not have  
6                   any impacts on public health, safety, or welfare,  
7                   and it won't have any adverse impacts on the  
8                   environment. And so to even get in the door at  
9                   the Energy Commission, you have to make that  
10                  initial showing. And we've done that.

11                  And without those issues on the table,  
12                  you know, the lawyers can go away, and we're all  
13                  very happy about that, including the lawyers,  
14                  actually.

15                  So let me now turn to Brian, who's going  
16                  to explain to you why this project is a good idea,  
17                  and explain to you, as I said, the showing that we  
18                  have made that there aren't any significant  
19                  impacts associated with the project.

20                  So, with that, Brian.

21                  MR. McDONALD: I think I'll just stand  
22                  up in this area.

23                  Thank you for the opportunity to -- oh,  
24                  yea. My name is Brian McDonald, and I'm out of  
25                  our Western Region Office of Calpine. It's in

1       Pleasanton. And what we were wanting to do is go  
2       over Calpine a little bit, you know, who we are,  
3       and then get into specifics on the project, and  
4       then drill down further, get into some of the  
5       specifics down into, you know, the linears, the  
6       transmission lines, the gas lines, and the other  
7       topics that I think people are here interested in  
8       hearing about.

9               Calpine, as many of you probably here  
10       know, we are an independent power generation  
11       company. We have been in the business since 1984.  
12       We are based in San Jose, California. And we have  
13       three offices, one is in the Wester Region, which  
14       is in Pleasanton. We have a Central Region office  
15       in Houston, and an Eastern Region office which is  
16       in Boston.

17              And what I wanted to let everyone know  
18       is that just today, we set up a Web site that  
19       captures a lot of this information, and over time  
20       it will include updates, construction information.  
21       We plan to have some technical information  
22       included there so that if people are interested in  
23       what a gas turbine looks like, we're planning on  
24       putting some details on the Web site. It is  
25       called kingcitypower.com. And in there there are

1 links to Calpine, links to General Electric,  
2 several limited groups you can learn all you want  
3 about gas turbines, and some other links to CEC.  
4 So feel free to use that site. It's up and  
5 running.

6 And I just wanted to reiterate again why  
7 we're in King City here. As was explained by Bob,  
8 in -- early in March was when a lot of the  
9 Executive Orders were solidified, and Calpine has  
10 been developing plants in the U.S. pretty  
11 rigorously over the last five years or so. We  
12 have 35,000 megawatts of generation presently, and  
13 a build out plan for the next several years to be  
14 at 75,000.

15 Those plants are much different than  
16 what we're building here, and I just wanted to  
17 explain that. The build out that we're doing is  
18 500 to a thousand megawatt plants. This power  
19 plant generated 45. So a much different power  
20 plant. These are more modular, and I'll get to  
21 that in a few minutes.

22 Calpine was the first company to  
23 negotiate a deal with the California Department of  
24 Water Resources, who was structuring the power  
25 sales to reduce this blackout situation we have in

1 California. We went to them about two weeks after  
2 the Executive Orders were issued, and we  
3 negotiated a 20 year contract with the state to  
4 sell them power through this -- through peakers.

5 The first plant we're hoping to put  
6 online is this plant here at King City. The deal  
7 includes 11 other power plants. Some will have --  
8 some such we're looking at will have multiple  
9 projects, multiple turbines. This one here at  
10 King City is just one engine.

11 The 11 will be built out by the summer  
12 of 2002, so we have an aggressive campaign to do  
13 not only this project, but essentially all 11.

14 Moving back to why we're in King City.  
15 What Calpine did was -- and I think this is one  
16 advantage we have over some of the other people  
17 trying to build these plants, is Calpine owns  
18 about 25 power plants in California. And what we  
19 recognized is that a lot of these plants have  
20 spare room, usually for weigh down or parking, or  
21 just unused space. And what we did is when the  
22 Executive Orders came out, we looked at all of our  
23 power plants in California, and optimized  
24 locations based on how we can install one of these  
25 peakers, or multiple peakers, and have as little

1        impact as possible on all the infrastructure that  
2        feeds into it, so the gas lines and transmission  
3        lines, and the large plants.

4                    And that's why we're here. King City  
5        was ideal. It has -- as I'll get into -- has a  
6        lot of land, and we can install this turbine  
7        without touching the transmission lines, without  
8        touching the gas line. We do have to connect the  
9        gas line into our plant, but we don't need to  
10       trench down, you know, city streets, and things  
11       like that.

12                   The other nice thing about most of these  
13        sites, and this one specifically, is that it is  
14        zoned industrial. The entire site -- let me kind  
15        of explain some of this. This -- this is a  
16        picture of the city. This is the airport, Gilroy  
17        Foods, and this L-shaped property is what you're  
18        seeing in this picture right here.

19                   This whole area here is presently zoned  
20        industrial, which obviously is suited for a power  
21        plant. And that, again, is something that, you  
22        know, we try to find places where things are zoned  
23        agricultural, and we have to rezone it to  
24        industrial. So that the use for this property,  
25        it's not agricultural right now. It is -- this is



1       -- the intended use for this property is for a  
2       power plant, or something similar to it.

3               The facility that we presently operate  
4       is King City Power Plant. It's a 115 megawatt  
5       plant, and it is quite a bit different than this  
6       facility, and I'll get to that in a minute. We've  
7       been in operation since 1989, and it is a combined  
8       cycle cogeneration plant. This peaker that we're  
9       proposing to put in is not combined cycle. It is  
10      a simple cycle, and I can explain that when I get  
11      into some of the details.

12             The L-shape, which kind of gets cut off  
13      here, but there is an L-shaped property here.  
14      It's 6.7 acres, and it's presently owned by Gilroy  
15      Foods, and we are in the process of working out  
16      the terms of the lease amendment. We're amending  
17      a lease. We have -- we lease this property  
18      presently, and we are closing that in the next  
19      couple of days here, it's 6.7 acres.

20             The engine is one. Right here is the  
21      gas turbine, this is the heart of the power plant.  
22      It's a aero derivative gas turbine, and what I  
23      mean by that is it's derived from the airplane  
24      technology. What they've done, General Electric  
25      and other companies have taken these gas turbines

1       -- actually, they're airplane engines, if you  
2       will, and mounted them into enclosures that are  
3       essentially soundproof. And these modules,  
4       there's about ten different modules that come to  
5       these sites. Everything's pre-engineered, pre-  
6       packaged, and noise abatement equipment is  
7       included on all this equipment.

8               And Bryan takes people to some of our  
9       existing power plants all the time, and he is  
10      constantly asked, you know, people will be  
11      standing 10, 20 feet away, and they ask if the  
12      engine's running, so these are really low noise  
13      generating pieces of equipment. And I'll get to  
14      that later.

15             The other thing that we wanted to  
16      stress, too, is that although this process is very  
17      short, it's a 21 day review process, we are not  
18      avoiding any of the state, local, or federal  
19      permitting regulations or requirements. This  
20      plant will comply with the air pollution  
21      requirements, any water discharge requirements and  
22      permits. We're -- we are -- either have them, or  
23      are actually, I think, in this case, we do have  
24      will serve letters for the water and discharge,  
25      and we're pretty well set up there.

1                   And the emission control equipment.

2       This housing here is where that equipment is  
3       stored. It's similar to the catalytic converter  
4       in your car. This equipment scrubs the emissions  
5       down to the required level, which is five ppm, and  
6       that's set by the Monterey Bay Air Quality  
7       District. And we will meet that limit.

8                   And just as a contrast, the power plants  
9       that probably many of you see in Moss Landing when  
10      you drive down to Monterey, the big towers, are --  
11      those generate about 90 ppm. So you can see  
12      there's a huge disparity, and a lot of that has to  
13      do with just the modern technology that these  
14      engines are built to the catalyst that's used, and  
15      the technology is just far superior to what it was  
16      in the forties and fifties, when those fossil  
17      plants were built.

18                  That's just kind of an overview. Now  
19      what I'd like to do is get into the next level of  
20      specifics, and we did go out and look at the site,  
21      so I think everyone's familiar with where the  
22      stack was. This is the blue stack, we had staked.  
23      We had four stakes around this building here,  
24      which is the module where the gas turbine is  
25      housed. And I think what I'll do is there's a few

1 more slides, and I'll just kind of walk through  
2 the equipment.

3 In fact, why don't I just give kind of  
4 an overview of how the plant works.

5 This box up here is -- and I always use  
6 analogies with cars, but this is essentially your  
7 air filter in your car. And it's a big box, and  
8 it sits on top of the engine enclosure. So air  
9 comes up from the air -- from the outside, comes  
10 in through here, and goes into the gas turbine.  
11 And the -- that's essentially a gas just like  
12 you'd see in an airplane. The air goes into the  
13 front, and it leaves, the gas is added in here,  
14 and there's combustion that takes place, and the  
15 flue gas expands. And based on that --

16 PRESIDING MEMBER MOORE: We're going to  
17 turn it a little more. The Commissioner is  
18 familiar with the power plant, so why don't we  
19 turn it a little bit more so everyone can see it.

20 MR. McDONALD: Oh, that's a lot better.  
21 Okay.

22 Okay. So our gas leaves the power  
23 plant, and it enters into this housing, and this  
24 housing, like I said earlier, it -- it's specially  
25 engineered to reduce the emissions coming off of

1       this facility. And what it does is you inject  
2       anhydrous ammonia, which is exactly what we do at  
3       our plant here. Right in this section of our  
4       power plant we have a very similar piece of  
5       equipment. We scrub the air here, and the  
6       emissions leave, and they're monitored  
7       continuously through the stack here, and fed into  
8       a computer, and the computer is, I think on a  
9       weekly basis, downloaded to the air district.

10               That's the engine cycle. Some of these  
11       other boxes. This one here is called the P-dock  
12       module. That comes pre-manufactured, and includes  
13       all of the starters and the electrical controls,  
14       and everything to drive the brains of the plant.

15               This, the enclosure here is a chiller  
16       that we put in, and what the chiller does is it  
17       keeps the air temperature as cold as possible so  
18       that the efficiency of the plant is on an optimal  
19       condition as often as possible.

20               Then there's some -- this is an air  
21       compressor that we use for plant air, and this is  
22       the step-up transformer where we take power from  
23       this module and the wires go to here, and it's  
24       stepped up, and the wires connect to the grid.

25               Let me go down to -- this is the picture

1       that everyone received in the handout. And this  
2       is just another close-up of some of the specifics.  
3       There's a few groundwater storage tanks. And if  
4       anyone would like to come up later, you can look  
5       through some of the equipment pieces. There's --  
6       I think it's 18 trucks show up onsite, and offload  
7       the equipment, and contractors will be here to  
8       connect them up.

9               Let me just -- this is just a side view,  
10       much the same as the rendering. And -- filter,  
11       engine housing, the reactor housing, if you will,  
12       and the stack.

13              Next, what I wanted to do was explain  
14       the infrastructure that's going to be fed into the  
15       plant, and I think we'll go back to this  
16       rendering.

17              I pointed out a lot of this on our trip,  
18       but just to go over it again. The gas for this  
19       project will come from a PG&E line that we have at  
20       our site right now. And what we'll do is we'll  
21       trench over a line into the facility there, the  
22       gas line will go up right into this area here.  
23       The water supply, right now we have two wells that  
24       we use at our existing power plant. And we will  
25       be using those wells. They're well -- under-

1       utilized right now, and our permits allow us to  
2       use that water from those wells.

3               The discharge, we have a will serve  
4       letter from the city to take an additional, I  
5       believe it's 50,000 gallons a day. And right now  
6       we discharge to Gilroy Foods under a long-term  
7       agreement. So that's in place and ready to go.

8               Noise is an issue I know people are  
9       curious about. Right now we've done some computer  
10      modeling, and maybe, if required, Leo can answer  
11      some specifics. The city ordinance requires 65  
12      decibels, but I think when we were out there it's  
13      -- the background's around 50. Is that about  
14      right?

15              The new plant, the -- the impact to the  
16      neighborhood is -- the projected level in the  
17      neighborhood is expected to be 47.7. So  
18      essentially, there is not going to be an increase  
19      in the emissions. I think there's a -- can you  
20      help me on that?

21              MR. SICURANZA: Potentially there's a  
22      probability that there would be an increase of  
23      about 7 dBa. This is a typical way that the sound  
24      energy is measured.

25              MR. McDONALD: But it's still below the

1       65.

2                   MR. SICURANZA: But it's well below the  
3       65 that's required for residential neighborhoods.  
4       So it's one of these things that is well below the  
5       level now, and will increase a little bit, but you  
6       still have a lot of margin to comply with the  
7       regulation.

8                   HEARING OFFICER JOE: You need to  
9       identify yourself for the record.

10                  MR. SICURANZA: Yeah, I'm sorry. My  
11       name's Leo Sicuranza. I'm a consultant to  
12       Calpine.

13                  MR. McDONALD: Okay. The next thing I'd  
14       like to talk about is fire protection. And we  
15       have a will serve from the city for that, as well.  
16       Presently, we have a fire loop that's served on  
17       our site, and we will interconnect to that -- that  
18       system. And we additionally have in these large  
19       -- the P-dock enclosure and the engine enclosure,  
20       those come pre-manufactured with fire protection  
21       systems built-in to them, so if there is a flame  
22       sensed in there, they'll immediately deluge the  
23       enclosure and automatically take care of the fire  
24       problem.

25                  That's really mostly what I wanted to



1 say, just to reiterate that these are -- they are  
2 new technology, clean-burning plants. They are  
3 natural gas burning only. There won't be any oils  
4 or anything else that we're going to be  
5 combusting.

6 And they are very low profile. One  
7 thing I didn't mention is the stack height here  
8 will be the same height as the stack that's there.  
9 And the rest of this equipment is in the 30 foot  
10 tall range, or so. So from a distance, it's --  
11 it's going to match the existing facilities that  
12 are nearby, a lot of the warehouses out there.  
13 We'll actually be a little bit lower than what's  
14 there now.

15 I don't know what I've missed, but  
16 that's really what I wanted to go over.

17 PRESIDING MEMBER MOORE: Brian, I've got  
18 a couple of questions for you and your team, then.

19 Let's go to gas first. This plant will  
20 be supplied by natural gas. You will have to have  
21 additional compression to take the line that  
22 currently serves the existing plant in order to  
23 have adequate supply. Can you describe the gas  
24 system, and what's downstream from this plant,  
25 what depends on this -- on this gas supply, how

1       you might or might not impact that.

2               And I'd like to have you talk a little  
3       bit, to the extent that you can, about the source  
4       of gas, long-term reliability of it, and we'd like  
5       to get some statistics about where the status of  
6       the supply pipelines is, what capacity they're  
7       running at, and the upstream sources, including  
8       storage, as well as pipeline capacity.

9               Some of this you may not be able to have  
10       at your fingertips today, and I will ask you to  
11       submit it to the docket before we -- we close this  
12       out. So explore this with me, as far as you can.

13              MR. McDONALD: Sure.

14              PRESIDING MEMBER MOORE: And then -- and  
15       then we'll go from there with additional  
16       submissions.

17              MR. McDONALD: Okay. The power plant  
18       that's here in town is being fed by the gasoline  
19       that comes -- it's about 40 miles away to the  
20       east. And that pipeline, from what I understand,  
21       was originally built to feed this power plant.

22              The capacities, I can't comment on  
23       specifically. I can say, though, that PG&E has  
24       been working with us very diligently, looking at  
25       different scenarios. We were looking at trying to

1 site maybe more generation at this location, and  
2 there are very limited opportunities for us to  
3 increase the capacity, just because of the pure  
4 dollars involved.

5 There are two ways to increase capacity  
6 on this 40 mile stretch. One would be to add  
7 compression 40 miles away, and there would be  
8 several compression stations at many millions of  
9 dollars. That's a difficult task for us to take  
10 on at this time. Long term, maybe that could be  
11 something we could do to maybe be -- bring more  
12 power here.

13 The line that comes to this plant has  
14 been sized for this facility. And what we've  
15 worked out with PG&E is a scheme where presently  
16 we have auxiliary boilers on site, so that when  
17 our plant is down for maintenance we use the  
18 auxiliary boilers to maintain our contract with  
19 the thermal host. So we're -- we're under  
20 obligation to provide steam to them year-round.

21 So this other stack here is the  
22 auxiliary boiler. Essentially, that stands unused  
23 throughout the year, except for, you know, maybe  
24 five days a year when we're doing maintenance.

25 So what we've discovered is that that --

1 the main line that comes in to this plant has been  
2 sized to account for the auxiliary boiler and our  
3 gas turbine that's there.

4 The studies that we had PG&E do, and  
5 I'll forward those on to you, they show that there  
6 is enough gas to supply the existing plant and our  
7 gas turbine, and with the understanding that the  
8 aux boilers will not be used. So there's a  
9 scenario -- there is no scenario where we would  
10 run our auxiliary boilers, the existing plant, and  
11 the OM6000. It just doesn't happen.

12 PRESIDING MEMBER MOORE: And who's  
13 downstream from you?

14 MR. McDONALD: There essentially is no  
15 one. There's, I think, a one inch line, or a two  
16 inch line. Scott's here, he could help me with  
17 that. There's a two inch line? Yeah, it's a --  
18 it's a backup gas line to the city. And I'm not  
19 sure, it's normally closed.

20 PRESIDING MEMBER MOORE: All right. And  
21 the line runs due east of here, or does it come  
22 through Paso before it comes to you?

23 MR. McDONALD: It runs due east. East,  
24 and then it comes up through the mountains north  
25 -- northwest.

1                   PRESIDING MEMBER MOORE: So as far as  
2                   other opportunities go, if this was deemed to be a  
3                   good site for this expansion, and perhaps there  
4                   was even more of a need than that, we're now  
5                   describing the end point of what this area can  
6                   support, in terms of this kind of gas-fired plant.

7                   MR. McDONALD: Correct.

8                   PRESIDING MEMBER MOORE: Do -- see, and  
9                   if this plant were to become a combined cycle  
10                  plant in the future, would it run more efficiently  
11                  and could be sized to -- to the existing pipe? In  
12                  other words, could you convert --

13                  MR. McDONALD: Yes.

14                  PRESIDING MEMBER MOORE: -- in the  
15                  future to a combined cycle plant and still use the  
16                  same pipeline, without having to have additional  
17                  compression 40 miles upstream?

18                  MR. McDONALD: We haven't looked at  
19                  that, but to do a combined cycle we'd need some  
20                  more gas to fire in the -- the boiler section, so  
21                  I'd have to look at that later.

22                  MR. BERTACCHI: We are adding some  
23                  additional compression at our existing plant.

24                  PRESIDING MEMBER MOORE: Bryan, you'll  
25                  have to identify yourself for the scribe.

1                   MR. BERTACCHI: Yeah, Bryan Bertacchi,  
2                   for Calpine Corporation.

3                   It is easily possible to convert this to  
4                   combined cycle without consuming any more gas.  
5                   The combined cycle mode would just use the exhaust  
6                   steam to be able to produce steam, for a steam  
7                   turbine to bring the heat rate or the efficiency  
8                   of this plant up, and produce more megawatts with  
9                   the same amount of gas that's available now.

10                  PRESIDING MEMBER MOORE: So if there's a  
11                  future for additional expansion, it's probably not  
12                  going to be because you would try and site another  
13                  simple cycle peaker; it is that future efficiency  
14                  would be realized by upgrading this facility to a  
15                  combined cycle facility.

16                  MR. BERTACCHI: That's correct.

17                  PRESIDING MEMBER MOORE: That's the most  
18                  likely scenario for -- for adding power in this  
19                  area.

20                  MR. BERTACCHI: The other additional  
21                  option is that perhaps a parallel line could be  
22                  installed with the existing gas line to allow more  
23                  gas capacity to the King City area to provide for  
24                  an expansion.

25                  PRESIDING MEMBER MOORE: And then

1       wouldn't the economics of that dictate, though,  
2       that you -- you'd want to step up considerably  
3       above just putting in 100 or 150 megawatt combined  
4       cycle machine. You'd want to go something a lot  
5       higher than that to make --

6               MR. BERTACCHI: That hasn't been the  
7       focus of our study currently at Calpine. We've  
8       been focused on the short term. Meeting the short  
9       term issue of these peakers here in King City and  
10      other sites that we have across the state.

11             PRESIDING MEMBER MOORE: In order to get  
12      this efficiently up you're going to have line  
13      capacity. Can you describe what's available on  
14      the transmission line right now? It's a 60 kV  
15      line?

16             MR. BERTACCHI: A 60 kV, and the  
17      capacity, I believe there is on the order of 250  
18      to 275 megawatt capacity allowed on that line.

19             PRESIDING MEMBER MOORE: So in essence,  
20      and I'm going back to what Brian was just saying,  
21      we're not taking -- in the sense that we're not  
22      fully utilizing the capacity that's available on  
23      the line. So should the need be there in the  
24      future to consider something like this again, the  
25      lines have capacity today.

1                   MR. McDONALD: Right. And we -- we have  
2                   started discussions with the city looking into  
3                   reclaimed water and talking about how we would  
4                   manage that process, and that's --

5                   PRESIDING MEMBER MOORE: Okay.

6                   MR. McDONALD: -- a few years out.

7                   PRESIDING MEMBER MOORE: And Mr. Eller  
8                   will probably comment on this as to whether or not  
9                   the submission has enough information on the  
10                  transmission line and the capabilities of it. But  
11                  let's make sure that -- that we've documented what  
12                  that excess capacity is and what the line's  
13                  capable of today.

14                 Mr. McDonald, you mentioned water  
15                 discharge, and the fact that there -- you are in  
16                 negotiations with the city to get an additional  
17                 permit capacity. What happens to the water right  
18                 now, after it goes through the food processing  
19                 plant. Where is it --

20                 MR. McDONALD: I believe it goes to the  
21                 wastewater treatment plant in the city. And then  
22                 it's eventually evaporated -- injected, okay.

23                 PRESIDING MEMBER MOORE: And so what I  
24                 want to -- this is -- this is a city that depends  
25                 a lot on the food processing for their -- for



1       their survival. How does this additional water  
2       discharge impact their own capacity, and are we  
3       minimizing -- does a device like this, an electric  
4       device like this, use the minimal amount of water  
5       that it could. Is it running as efficiently as it  
6       can, in terms of water discharge?

7                   MR. McDONALD: I would say absolutely.  
8       One -- one issue that -- that comes up when you do  
9       combined cycle is, is your water flow increases  
10      dramatically. So that would be, you know, long  
11      term we'd like to do that. We'd like to bring  
12      more generation to the state using this facility.  
13      So we would need to structure a deal where we  
14      would use the reclaimed water from the plant, and  
15      instead of having that injected into the ground we  
16      would use it in our cycle, and send it back to the  
17      treatment plant.

18                  PRESIDING MEMBER MOORE: So right now --  
19      right now, have you submitted figures to the  
20      docket to show what the existing excess capacity  
21      is at the sewer treatment plant, and what you  
22      would claim of that?

23                  MR. McDONALD: I'm not sure. Is that in  
24      the letter, the -- the capacities?

25                  MR. GALBRAITH: Mr. Commissioner, I'm

1 Scott Galbraith, with the City of King City.

2 Mr. Commissioner, the Calpine -- the  
3 current Calpine wastewater that is sent up to the  
4 Gilroy Foods Processing Plant, that water is  
5 accommodated within the Water Quality Board permit  
6 for the entire Gilroy Foods operation, which is  
7 2.4 million gallons per day. The capacity for  
8 this peaker is able to be accommodated with that.  
9 We've had discussions with Gilroy Foods, who are  
10 anticipating some economies in their own  
11 operations that'll provide capacity. Plus, the  
12 economies of the operation themselves will  
13 increase capacity from what Calpine currently  
14 discharges into the Gilroy Foods system.

15 PRESIDING MEMBER MOORE: How close is  
16 Gilroy Foods running to their water quality  
17 permit?

18 MR. GALBRAITH: They're right at the  
19 limit when they're in full season. And, but that  
20 also includes Calpine's discharge. So over the  
21 last decade, the Calpine discharge and the Gilroy  
22 Foods former basic discharge have been included  
23 within that same system.

24 PRESIDING MEMBER MOORE: And that's --  
25 that's during tomato processing that --

1                   MR. GALBRAITH:  Garlic and onion,  
2                   actually.

3                   PRESIDING MEMBER MOORE:  Okay.  And have  
4                   they ever -- have they ever busted the permit?

5                   MR. GALBRAITH:  There has been occasions  
6                   when there's been slight excesses, but minimal.  
7                   And we are just now entered in a new agreement  
8                   with -- with Gilroy Foods to address those issues.

9                   PRESIDING MEMBER MOORE:  So the -- the  
10                  discharge permit has never been revoked or  
11                  challenged because of --

12                  MR. GALBRAITH:  No.

13                  PRESIDING MEMBER MOORE:  -- current  
14                  discharges.  Okay.  Thank you.

15                  HEARING OFFICER JOE:  Just a minute.  In  
16                  terms of the -- the peaker facility, how does that  
17                  impact upon the current use, then, of -- of that  
18                  water discharge?

19                  MR. GALBRAITH:  It's incorporated within  
20                  the same system.  The discharge of the peaker will  
21                  be accommodated within what Gilroy Foods can  
22                  accommodate.  There's a separate agreement between  
23                  Calpine and Gilroy Foods, operating its -- 45 in  
24                  King City.  They're negotiating that themselves.  
25                  The previous owner of the facility accommodated

1 all the wastewater from the -- the power plant  
2 within their system, and so as there's been a  
3 change in ownership at the -- the -- what was the  
4 basic plant to Gilroy Foods, the Calpine  
5 operations are subject to a new agreement. And  
6 they're currently negotiating that.

7 But notwithstanding, the total volume of  
8 water is already contained within the discharge  
9 through Gilroy Foods into the wastewater plant  
10 owned by the city, owned and operated by the city.

11 PRESIDING MEMBER MOORE: Thank you.

12 Brian, let's go to the -- back to the  
13 electric system for a second. Grade interconnect.  
14 Do you have an interconnect agreement or do you  
15 need -- actually, I guess I should step back. Do  
16 you need a new interconnecting agreement in order  
17 to come on?

18 MR. McDONALD: Yes.

19 PRESIDING MEMBER MOORE: So you can't go  
20 through the existing plant, you've got to have a  
21 separate interconnect agreement.

22 MR. McDONALD: Right.

23 PRESIDING MEMBER MOORE: And is that in  
24 hand already?

25 MR. McDONALD: The final -- PG&E just

1       received money for us to -- for them to finish the  
2       -- it's called the CA, the Cost Analysis stage of  
3       their study, and once that's done then we will  
4       determine, you know, what the costs are and the  
5       timing to do the construction.

6               So they have -- we are far along in that  
7       process. They've done the study, the system  
8       impact study is done. We understand what the  
9       limitations are on that system, and now it's just  
10      up to them to give us the cost.

11             PRESIDING MEMBER MOORE: Can you have it  
12      done by July 1st?

13             MR. McDONALD: Yes.

14             PRESIDING MEMBER MOORE: In terms of new  
15      labor, will you be hiring a new permanent  
16      operating crew, or will this all be handled under  
17      the existing umbrella of your -- your current  
18      staff?

19             MR. McDONALD: We will be hiring  
20      additional staff, one to five people, full-time.

21             PRESIDING MEMBER MOORE: Likely to come  
22      from the local area?

23             MR. McDONALD: Yes.

24             PRESIDING MEMBER MOORE: So the kind of  
25      people that you need are obtainable here in the

1 local community. So you expect a net positive  
2 impact on employment here.

3 MR. McDONALD: Yes.

4 PRESIDING MEMBER MOORE: In terms of tax  
5 revenues, I'm not sure how it works. But you  
6 obviously create some new property value. But do  
7 you also pay any kind of retail sales, is there  
8 any sales tax agreement on the electricity sold?  
9 I'm asking this out of ignorance.

10 MR. McDONALD: I don't believe so.  
11 We're not planning that.

12 PRESIDING MEMBER MOORE: Sir, and does  
13 the city -- and I perhaps should turn to any of  
14 the city representatives to ask this. Is there  
15 any kind of a utility tax that's currently in  
16 place?

17 MR. BRESKIN: I'm Keith Breskin, the  
18 City Manager for King City.

19 We have a two percent utility users'  
20 tax.

21 PRESIDING MEMBER MOORE: So, but that's  
22 on utility users. And -- and nothing on  
23 production, then. So you're not -- you don't tax  
24 any of the produced electrons that are moving out  
25 to the grid.

1 MR. BRESKIN: That's correct.

2 PRESIDING MEMBER MOORE: Thank you, sir.

3 I'm sorry I didn't recognize you before. I  
4 should've called you up and asked for comments.

5 MR. BRESKIN: Welcome to King City.

6 PRESIDING MEMBER MOORE: Thank you, Mr.  
7 Manager.

8 (Laughter.)

9 PRESIDING MEMBER MOORE: Thank you,  
10 belated.

11 Golly, go to the -- go to the state,  
12 forget your manners. I mean, I -- what's wrong  
13 with me.

14 (Laughter.)

15 PRESIDING MEMBER MOORE: Okay. And I  
16 want to go back to one other area, and then I'm  
17 going to turn to Mr. Eller for his presentation,  
18 and that is noise.

19 Typically, the noise is measured at some  
20 radial distance away from the source. In this  
21 case, when we were out on the tour, you can see  
22 that the neighborhoods are a considerable distance  
23 away. So the figures -- I'm trying to imagine how  
24 to apply the seven dBa increase that you spoke of,  
25 and its impact on the neighborhood. Is it

1       actually seven by the time you move across the  
2       tracks and out to those neighborhoods? Or is that  
3       the source of -- of the seven increase, or is it  
4       at three, four, five meters away from the -- from  
5       the plant itself.

6               MR. McDONALD: Do you want to address  
7       that?

8               MR. SICURANZA: Yeah. I think I can  
9       answer that, Mr. Commissioner.

10              The seven dB increase that was cited in  
11       the environmental report is measured at -- or  
12       projected to take place at residences in the  
13       residential development southwest of the site.  
14       The closest residence to the site within that  
15       development is about 1100 feet away, they will not  
16       experience any kind of increase at all, because  
17       it's behind a ten-foot wall, as are most of those  
18       houses in that -- in that project, in that  
19       development.

20              It's the houses that are at the end of  
21       the street where the wall is broken, open from the  
22       street to pass through, have a straight line view  
23       to the plant that will experience some -- that  
24       level of increase in -- in the noise in the -- in  
25       the night time.



1                   PRESIDING MEMBER MOORE:   Okay.   Thank  
2                   you.

3                   Brian, just for the record, do you need  
4                   any kind of activity or permit from LAFCO?

5                   MR. McDONALD:   Not to my knowledge.

6                   PRESIDING MEMBER MOORE:   And do you need  
7                   any kind of zoning change from the city to allow  
8                   this to happen?

9                   MR. McDONALD:   No.

10                  PRESIDING MEMBER MOORE:   So within the  
11                  current M-1 zone, you can be permitted without any  
12                  variance.

13                  MR. McDONALD:   That's right.

14                  PRESIDING MEMBER MOORE:   And is an  
15                  application for that land use permit in process?

16                  MR. McDONALD:   I'm picking it up today.

17                  PRESIDING MEMBER MOORE:   Well, tomorrow.  
18                  I don't think the city offices are --

19                  MR. McDONALD:   Well, it was --

20                  PRESIDING MEMBER MOORE:   -- unless they  
21                  brought it with.

22                  MR. BRESKIN:   We are very cooperative  
23                  down here.

24                  (Laughter.)

25                  PRESIDING MEMBER MOORE:   The hardest

1       working people I know. I mean, these -- these are  
2       -- just because it's daylight out, I mean --

3               MR. McDONALD: Keith's going to give it  
4       to me today.

5               PRESIDING MEMBER MOORE: All right.

6               MR. McDONALD: We're going to get that  
7       going. There -- there is -- the stack height is a  
8       special consideration that needs to be included in  
9       that.

10              PRESIDING MEMBER MOORE: So it is your  
11       expectation that you will have land use permits in  
12       hand by July 1st.

13              MR. McDONALD: Absolutely.

14              PRESIDING MEMBER MOORE: And will the  
15       lease be completed at that time? Is it your  
16       expectation that the lease agreement on the 6.7  
17       acres --

18              MR. McDONALD: We've had several  
19       negotiations recently with the city who we're  
20       dealing with, and we feel very confident about  
21       that, yes.

22              PRESIDING MEMBER MOORE: What would be  
23       the outcome if the lease negotiations suddenly  
24       stalled? What would happen?

25              MR. McDONALD: We're actually talking to

1           them about purchasing the property.

2                       PRESIDING MEMBER MOORE:   What if that  
3           failed?

4                       MR. McDONALD:   If that failed, there are  
5           adjacent properties that we've talked to the city  
6           about that are zoned industrial, that we have  
7           easements to for all the linears coming in.   And  
8           we are talking to the city about optioning that  
9           property right now.

10                      PRESIDING MEMBER MOORE:   Well, that  
11           would put us in a dilemma, because we would be --  
12           we'd be back here in these chambers again, looking  
13           at -- at a changed site, a technically different  
14           application.

15                      MR. McDONALD:   Right.

16                      PRESIDING MEMBER MOORE:   I guess what  
17           I'm asking from you, or perhaps from Jeff, for, is  
18           some measure of confidence that if the unthinkable  
19           were to happen, that is, the lease negotiation  
20           were to fail, and an option to buy were to -- that  
21           there is some plan to proceed forward.   And I  
22           guess what you're telling me is that the plan in  
23           that case would be to re-apply and come back in  
24           for another -- another hearing.   Is that correct?

25                      MR. BERTACCHI:   Bryan Bertacchi, of

1 Calpine, again.

2 We have a number of options under the  
3 existing lease that we're currently pursuing with  
4 the underlying owners of that parcel. I think  
5 everybody here can appreciate trying to do the  
6 projects that we're all trying to do in this  
7 shortened timeframe, there's many steps that  
8 normally we would do ahead of time that we're  
9 doing in parallel --

10 PRESIDING MEMBER MOORE: Right.

11 MR. BERTACCHI: -- in this process.  
12 This is one of those issues that we're doing in  
13 parallel. We expect a positive outcome on this  
14 issue by July 1st.

15 PRESIDING MEMBER MOORE: Good.

16 MR. HARRIS: Commissioner, I said we'd  
17 downplay the role of lawyers here, but not in the  
18 negotiations --

19 PRESIDING MEMBER MOORE: Not in that  
20 kind of --

21 (Laughter.)

22 PRESIDING MEMBER MOORE: And frankly, I  
23 mean, if -- I tell you, I admire that  
24 tremendously, because you've reduced the serial  
25 process to a parallel process, and added probably

1       logarithmically to the difficulty in making it all  
2       come together at the same point. So I'm -- I'm  
3       impressed suitably.

4               Mr. McDonald, that's all the questions I  
5       have right now.

6               Let me ask Mr. Eller to make a  
7       presentation on behalf of the Staff, and he's  
8       going to use your -- this is Bob Eller, and he is  
9       a long-time veteran of our Energy Commission  
10      Staff, and he knows the process probably better  
11      than anyone here.

12              MR. ELLER: Well, thank you,  
13      Commissioner. I hope to tell you about it this  
14      evening. I'm going to talk a bit about the  
15      process and Staff's review of the King City  
16      project, and what we're up to at this point on our  
17      emergency permitting process.

18              Again, I'm Bob Eller. I'm the emergency  
19      Project Manager for this project.

20              What's an emergency permit, and who  
21      qualifies? Well, peaker power plants that are  
22      online by September 30th, 2001 -- I believe you  
23      heard this earlier this evening -- and those can  
24      be those with a California Independent System  
25      Operator, or the ISO, summer reliability contract,

1       which are under 50 megawatts, or those 50  
2       megawatts and larger.

3               And the main criteria for who qualifies  
4       is that they bring us a project that has no fatal  
5       flaws in the way of environmental or other  
6       impacts. For these projects we are issuing  
7       emergency permit, per the Governor's orders.

8               The permit is for the length of the --  
9       the length of the CEC license is for the life of  
10      the project, that they have a current contract  
11      with the California Department of Water Resources  
12      or the California Independent System Operator.  
13      And if they meet continuation criteria at the end  
14      of these contracts. And that would be that they  
15      have best available control technology for air  
16      quality purposes, and they have a permanent air  
17      emission offsets. They're in compliance with all  
18      of the Energy Commission conditions applied to  
19      this project in its decision. They have site  
20      control, and the project is basically a permanent  
21      facility and not something that was brought in on  
22      skids or just temporary mounts.

23              If they don't have a contract with the  
24      Department of Water Resources or the ISO, they get  
25      a -- the permit is valid for three years, with an

1 option to re-certify.

2 Let me talk a bit about the analysis  
3 that Staff is performing. As you saw earlier,  
4 Calpine submitted an application earlier this  
5 month. That's based upon criteria that Staff has  
6 established for what needs to be in that document.  
7 And we look at that document to perform a fatal  
8 flaw analysis, to find out whether there are  
9 impacts to the local community or their resources.

10 Mainly, we're looking to make sure there  
11 are no public health or safety concerns, that all  
12 of the environmental impacts are mitigated, there  
13 are no significant adverse energy system impacts,  
14 that they comply with all legal requirements, that  
15 they use skilled labor when they're -- when  
16 they're building the facility. That they address  
17 any disproportional impacts as a result of the  
18 facility. That they have site control, again.  
19 That there are no or minimal linear facilities  
20 associated with the plant, because minimal -- or  
21 linear facilities tend to have more environmental  
22 impacts, and they're spread over a longer area.

23 And the last one I'd like to talk about  
24 a little bit is that there -- this project, as a  
25 result of the Governor's orders, is exempt from

1 CEQA. And what does that mean?

2 The California Environmental Quality Act  
3 is what governs most project decisions in the  
4 State of California. And while it is exempt from  
5 the CEQA, the analysis being done by Staff mirrors  
6 pretty much the type of analysis done by most  
7 local jurisdictions for the negative declaration  
8 and initial study process that most -- a lot of  
9 projects are approved on around California.

10 What is exempt from CEQA is the timing  
11 for notices, et cetera, which takes a lot of time  
12 in a normal process, and that helps us get to a 21  
13 day process.

14 I'm going to talk generically about the  
15 permit schedules for emergencies, and I'll talk  
16 specifically about this one in a moment.

17 The Applicant's required to file an  
18 emergency application, with 50 copies. We look at  
19 that application, determine whether it meets the  
20 requirements we've set forth. When it's complete,  
21 that starts the clock, which is day zero. We then  
22 release a public notice for this hearing and site  
23 visit, which we're doing today. That usually is  
24 held between days five and ten in the process.

25 We ask for agency comments and



1        recommendations. This document was sent to all  
2        state agencies -- state agencies that are  
3        interested in reviewing projects, and they are  
4        commenting on it as we speak.

5                Staff Assessment will be issued  
6        approximately day 12 to 16. The Commissioner will  
7        release his recommended decision between days 14  
8        and 18. And it will come before the Commission  
9        for a hearing and decision during days 17 to 21.

10               This translates, for this project,  
11        specifically, King City project was complete on  
12        April the 11th. Comments are due from the  
13        agencies on April the 20th. We've already started  
14        -- begun receiving comments on the project. The  
15        Staff Assessment will be issued on Tuesday, the  
16        24th, and it will be published on the Internet.

17               The Commissioner's decision is expected  
18        around April the 26th. And the Commission will  
19        reach its decision on May the 2nd at a Business  
20        Meeting held in Sacramento.

21               If the Commission decides to permit the  
22        project, and Staff at this point has no  
23        information before it that would cause us not to  
24        recommend its approval, the Commission -- the  
25        decision will contain Conditions of Certification

1       for the project, which will specify measures for  
2       construction, measures for operation, and will  
3       assure compliance with all laws, ordinances,  
4       regulations and standards.

5               We will assign a Compliance Monitor, or  
6       a Compliance Project Manager, to the project. The  
7       Commission Compliance Monitor will work to assure  
8       the project is in compliance with the conditions.  
9       He will monitor the construction and operation of  
10      the project, and he will ensure that all the laws,  
11      ordinances and standards are met.

12             If you would like more information,  
13      we've put some numbers up on the board. And  
14      that's my number in Sacramento. It's area code  
15      916-651-8835. I'd be happy to take your call and  
16      talk about your concerns and interest in the  
17      project.

18             You can reach our toll-free hotline in  
19      California at 888-871-9673. And right below that  
20      is that long URL that we rattled off earlier, so  
21      I'll leave it up there if you want to write it  
22      down. We have information on our -- all of our  
23      projects that are before us at that site, and  
24      that's where we'll be posting the decision for  
25      this project, and the Staff Assessment.

1                   Our air quality work is done by the  
2           local air quality districts in the area, and this  
3           particular project's before the Monterey Bay  
4           Unified Air Pollution Control District. Fred  
5           Thoits is here with us tonight, and I'd like Fred  
6           to talk about that analysis. Fred.

7                   HEARING OFFICER JOE: Excuse me, Fred,  
8           before you begin.

9                   Mr. Eller, you're using overhead  
10          projection slides there.

11                  MR. ELLER: Yes.

12                  HEARING OFFICER JOE: Would you send me  
13          copies of that for the record?

14                  MR. ELLER: I have a copy I'll provide  
15          you.

16                  HEARING OFFICER JOE: Okay.

17                  MR. ELLER: I can send it  
18          electronically.

19                  HEARING OFFICER JOE: Electronic, as  
20          well. Okay. I'll take that hard copy now. We'll  
21          mark that for the record as being Exhibit Number  
22          2.

23                         (Thereupon Exhibit Number 2 was  
24                         received in evidence.)

25                  HEARING OFFICER JOE: And Mr. McDonald,

1       you were referring to some graphic displays here.  
2       Were those displays part of the package that was  
3       -- the handout that was at the front of the -- at  
4       the entrance here?

5               MR. McDONALD:   Yes.

6               HEARING OFFICER JOE:   Okay.   So all of  
7       the graphic displays are part of that.   I'll make  
8       the handout as Exhibit Number 1.

9               (Thereupon Exhibit Number 1 was  
10       received in evidence.)

11              HEARING OFFICER JOE:   All right, you may  
12       proceed.   Would you state your name and spell your  
13       name.

14              MR. THOITS:   Sure.   My name is Fred  
15       Thoits, last name is spelled T-h-o-i-t-s.   I'm the  
16       Engineering Division Manager for the Monterey Bay  
17       Unified Air Pollution Control District.

18              In this -- in this expedited process,  
19       the Air Pollution Control District plays a role  
20       because we are the delegated authority, or the  
21       delegated agency for the Federal New Source Review  
22       Program.   And so although there is this 21 day  
23       process that the Governor has set forward, our --  
24       our requirements require a 30 day public notice.  
25       And so there is some dysjuncture there between the

1       -- the expectation that permits will be approved  
2       in 21 days, and the public comment period that  
3       we're required to do by federal law.

4               That said, we have also been struggling  
5       under the compressed timeframes to proceed with  
6       expedited review of these power plant projects,  
7       and we had completed an evaluation report on April  
8       the 11th and put it out for public comment, with  
9       comments requested by May the 11th. So we are  
10      going to lag this Energy Commission process by a  
11      few -- by a week or so.

12              We're responsible for the air quality  
13      portion of this project, and we have made the  
14      finding that the project is equipped with best  
15      available control technology for -- for oxides of  
16      nitrogen and carbon monoxide through back end  
17      control.

18              The -- the other aspect of our  
19      evaluation requires emission mitigation, and we  
20      are still in the process of negotiating, or trying  
21      to find the offsets required for that mitigation  
22      step.

23              We do have copies of the District's  
24      evaluation brought with us tonight. If you would  
25      like me to leave these with somebody, I can. And

1 I'm ready to answer any other questions that you  
2 or the audience might have.

3 PRESIDING MEMBER MOORE: Good. I have a  
4 couple for you.

5 First, with regard to the five ppm NOx  
6 levels that are advertised for these engines, and  
7 however many of them there are in the world, I  
8 hear different numbers, but maybe there's a  
9 hundred of these engines in the whole world, all  
10 manufactured to the same standard.

11 Using your professional expertise and  
12 experience, do you believe that number?

13 MR. THOITS: There was quite a bit of  
14 research done on the control of both combined  
15 cycle and simple cycle turbines in the release of  
16 a California Air Resources Board document last  
17 September. And in that document, the ARB  
18 concluded that achieving five parts per million  
19 NOx from simple cycle turbines was doable, and  
20 they put that out as the guideline for achievable  
21 technology in California.

22 So while we personally in this district  
23 have not permitted a simple cycle turbine, this is  
24 the first simple cycle, we have permitted several  
25 combined cycle turbines, and they are functioning

1 at low levels of NOx control. The one that we  
2 permitted for the Moss Landing Power Plant is  
3 achieving levels much lower than this, because of  
4 the combined cycle nature. But we believe that  
5 five ppm is doable and achievable.

6 PRESIDING MEMBER MOORE: The issue of  
7 offsets is troubling for us at my level, and I  
8 know for the various districts, depending on where  
9 they are geographically, more than troublesome,  
10 and downright awkward sometimes.

11 Can you put a little information on the  
12 record for us as to sources of offsets that you  
13 have available here? Describe the bank for a  
14 second, and then perhaps give us a little bit of  
15 guidance as to as we look forward and begin to  
16 imagine different ways to try and accommodate,  
17 perhaps inter-regionally, some movement, how your  
18 district is beginning to imagine shifts of offset,  
19 or creation of new offsets, forgiveness, a range  
20 of opportunities.

21 MR. THOITS: Yeah. We -- we don't  
22 believe that forgiveness is an option, because of  
23 the federal requirement, and although the Governor  
24 has indicated flexibility in expedited processing  
25 of these applications, it doesn't really apply to

1 federal law. So we don't believe a waiver is  
2 possible.

3 In our bank in this area, our emission  
4 bank that holds the emission reduction credits or  
5 mitigation from these projects, the bank was  
6 largely exhausted through the purchase of the  
7 offsets in the bank for the Duke Energy Moss  
8 Landing Power Plant. There are -- there are a  
9 fairly large amount of credits that remain, but  
10 they are being held by the oil companies in  
11 southern Monterey County, who are not interested  
12 in selling them for power plant projects, but  
13 retaining them for their own use. So our -- our  
14 traditional bank is largely unavailable for power  
15 plant project offsets.

16 The Governor's Executive Order  
17 established a state emission bank in which  
18 emission reductions from grant programs that the  
19 districts administer were thought to be available  
20 source of temporary credits for these types of  
21 projects. And unfortunately, when the magnitude  
22 of the emissions in that program were identified,  
23 they amounted to three tons of NOx and .07 tons of  
24 particulate, which is hardly enough to offset a  
25 lawnmower, you know.



1 (Laughter.)

2 MR. THOITS: So while that appeared to  
3 provide some relief initially, the Air Resources  
4 Board concluded that that really was not a  
5 potential source of offsets.

6 Yesterday, at our Board meeting, our  
7 Board authorized the staff to proceed with  
8 something similar to the State Emission Bank  
9 program from the other grant program reductions  
10 that have occurred locally, through the 2766 grant  
11 programs. And we have gone back and tried to  
12 identify credits in those programs that might be  
13 available for temporary use for this project,  
14 since the Applicant has indicated that they are  
15 going to pursue the permanent offsets for this  
16 project through their own -- own initiative. and  
17 so what they're looking for is a temporary offset  
18 until they can accomplish the final reductions.

19 PRESIDING MEMBER MOORE: In -- in the  
20 temporary category, how many -- what's the volume  
21 of credit that you think is available, and are  
22 those -- are those separated in your own books, on  
23 your own books, from those that are owned down in  
24 San Ardo or -- or somewhere else?

25 MR. THOITS: I'm not sure.

1                   PRESIDING MEMBER MOORE: Well --

2                   MR. THOITS: You -- you mean from the  
3 traditional bank and the --

4                   PRESIDING MEMBER MOORE: Right.

5                   MR. THOITS: Yes. Clearly, the -- the  
6 reductions that occurred from these grant programs  
7 were not put into our bank, but were -- were  
8 identified as benefits for the air basin. They  
9 were not encumbered by our quality plan, and they  
10 were not identified as credits for sale  
11 previously. So this step that our Board took  
12 yesterday was to establish a new source of  
13 emission reduction credits that can be used as a  
14 temporary basis.

15                  PRESIDING MEMBER MOORE: What's the  
16 maximum life of any of those temporary credits  
17 that you've got?

18                  MR. THOITS: The mobile -- the grant  
19 projects range in age of value, and some of them  
20 are as short as --

21                  MR. SEWELL: I'm Mike Sewell. I'm an  
22 engineer with the district.

23                  As short as -- my name is Mike Sewell,  
24 S-e-w-e-l-l. I'm an engineer with the Air  
25 District. And the credits range in age from -- or

1        validity for as short as one year to a maximum of  
2        20 years, depending on the type of project.

3                PRESIDING MEMBER MOORE:  Is there -- did  
4        you do a report for your board at all on the  
5        status of the bank, that we might be able to get  
6        ahold of?

7                MR. THOITS:  The status of our  
8        traditional bank, or the status of this --

9                PRESIDING MEMBER MOORE:  Both.

10               MR. THOITS:  We went to our board  
11        conceptually, for the development of this program.  
12        And we have done some work that was, you know,  
13        completed yesterday, or last -- last evening, that  
14        attempted to quantify -- that met the criteria of  
15        being real and enforceable, and -- and surplus  
16        from what we had in the bank.  So we attempted to  
17        identify what was available.  And we have a number  
18        that is slightly less than this project needs for  
19        the fine particulate offsets, if we use a series  
20        of interpollutant offsets for the NOx, VOC, and PM  
21        credits that were generated through this program.

22               So we think -- we think that by using  
23        those identified credits, and the three tons  
24        that's in the state bank, that it is almost  
25        identically what this project needs.

1                   PRESIDING MEMBER MOORE: And your board  
2 is prepared to make a finding to that effect?

3                   MR. THOITS: They authorized the  
4 district to proceed with the establishment of this  
5 special bank program.

6                   PRESIDING MEMBER MOORE: And do you have  
7 anything else in the queue that is likely to feel  
8 like they've been displaced by such a finding that  
9 -- that literally zeroes out that bank?

10                  MR. THOITS: Well, what we intend to do  
11 is -- is run something very similar to the state  
12 bank established by the Governor, and is that to  
13 sell these credits, use the money to generate  
14 additional offset grant program type of  
15 reductions.

16                  PRESIDING MEMBER MOORE: And build up a  
17 new bank.

18                  MR. THOITS: And build up a new bank, or  
19 use them for the air basin benefit.

20                  PRESIDING MEMBER MOORE: A question for  
21 you, and I'm not sure it's entirely on point. But  
22 I can ask you to speculate, perhaps.

23                  And that is, considering the  
24 considerable bank that's available in south  
25 county, has there ever been thought given to,

1       under an emergency condition, condemning some of  
2       those?

3               MR. THOITS:   This matter was  
4       peripherally addressed a year ago, or more.   And  
5       our board members at that time did not seem  
6       interested in condemning the credits in that bank.

7               PRESIDING MEMBER MOORE:   So at least it  
8       got explored.

9               MR. THOITS:   It was for not an energy  
10      project, it was for another type of project.   And  
11      --

12              PRESIDING MEMBER MOORE:   But something  
13      with a public health and safety issue attached to  
14      it?   I mean --

15              MR. THOITS:   Yeah.   I don't think the  
16      board members have really grappled with that  
17      question in this environment.

18              PRESIDING MEMBER MOORE:   Thank you.

19              Mr. Eller, do you have questions?

20              MR. ELLER:   No, I don't.

21              HEARING OFFICER JOE:   I think, just to  
22      clarify some things for me, and I assume for  
23      members of the public here, as well.   If this  
24      plant is projected to meet five parts per million,  
25      five ppm of NOx, and that is doable, and, in fact,

1       you expect to have less than five ppm, what's the  
2       problem? Why is -- why are we looking at credits,  
3       and why are we looking at the bank? Could you  
4       explain that.

5                   MR. THOITS: Yeah. The Applicant has  
6       actually proposed that the emissions of oxides of  
7       nitrogen will not increase above the authorized  
8       limits for the existing turbine plant operation.  
9       They are going to over-control, or balance their  
10      operations, or do whatever is necessary, since  
11      there is not an emission increase in oxides of  
12      nitrogen.

13                   The only pollutant which got into an  
14      offset or mitigation category was the fine  
15      particulate, and that is the -- that is the  
16      pollutant in which they are trying to seek  
17      offsets.

18                   PRESIDING MEMBER MOORE: Thank you very  
19      much.

20                   I'm assuming the Applicant did not have  
21      questions of the air district.

22                   MR. McDONALD: I just -- yeah, I just  
23      wanted to make sure that everyone understood we  
24      were just looking for PM10 emission offsets.

25                   PRESIDING MEMBER MOORE: I think he made

1           that pretty clear. Thank you.

2                   MR. THOITS: Would you like me to leave  
3           the --

4                   PRESIDING MEMBER MOORE: I appreciate  
5           it. Thank you very much.

6                   MR. THOITS: And I have a business card  
7           in my car, but I don't have it on me.

8                   PRESIDING MEMBER MOORE: All right. Are  
9           there other public agencies who would like to put  
10          any comments or questions on the record, that I  
11          have not recognized here?

12                   All right. Well, now we have a couple  
13          of blue cards that have been submitted, and I'm  
14          going to ask those folks who have given those up  
15          to us to come forward when I call you, and give us  
16          your remarks or your questions, and we'll do -- if  
17          they're questions, we'll do our best to answer,  
18          and we'll certainly take your opinions into  
19          account as we go through this.

20                   Charles Krause.

21                   MR. KRAUSE: Good evening. Welcome. My  
22          name is Chuck Krause. I've lived in King City for  
23          25 years, have been a member of our Planning  
24          Commission for 12 years, and have served on our  
25          Economic Development Committee since it was formed

1       six years ago, in 1995.

2               Keeping in mind that I'm speaking for  
3       myself tonight, and not for any of the commissions  
4       that I serve on, I'm well aware of the many  
5       benefits as a result of this activity, that this  
6       project will bring to our town. And I strongly  
7       support it.

8               Continued economic development is  
9       essential to the security and stability of King  
10      City, and I believe that the Calpine peaker plant  
11      will provide us with a number of unique  
12      opportunities to encourage and accommodate future  
13      growth in our community.

14              I want to urge the Commission and  
15      Calpine to move this project ahead as quickly as  
16      possible, while monitoring the expanding energy  
17      needs of King City and the surrounding region.

18              Thank you very much.

19              PRESIDING MEMBER MOORE: Thank you, sir.  
20      Appreciate your comments.

21              Byron Lynn.

22              MR. LYNN: Good evening. My name is  
23      Byron Lynn, local businessman in King City for  
24      approximately 30 years, member of the City  
25      Council, and, like Mr. Krause, I'm speaking for



1       myself, not for the city. I think that our City  
2       Manager can make a statement later.

3               California, and my records may not be  
4       exactly correct, but I think California's probably  
5       the seventh largest economy in the world. And  
6       nothing can bring that economy down quicker than  
7       something like lack of water or lack of energy.  
8       King City has done everything that they can in the  
9       last 12 to 15 years -- pardon me -- to grow  
10      correctly and -- and environmentally friendly.  
11      And I think that the proposal by -- by Calpine is  
12      as environmentally safe and correct as you can do,  
13      and I would -- I would highly encourage the  
14      Commission and Calpine to move ahead at full  
15      speed.

16              Thank you.

17              PRESIDING MEMBER MOORE: Thank you, Mr.  
18      Councilman. Appreciate it.

19              Susie Taylor. Susie Taylor. Good  
20      evening.

21              MS. TAYLOR: Good evening. My name is  
22      Susie Taylor, T-a-y-l-o-r. And I have been asked  
23      by the King City Chamber of Commerce and  
24      Agriculture to speak.

25              The business of the King City Chamber of

1 Commerce is serving business, which in turn  
2 creates a better community for all our residents.  
3 To that purpose, the King City Chamber  
4 wholeheartedly supports Calpine's peaker project.  
5 A solid commercial and industrial base is a  
6 necessary linchpin for our expanded retail sector.  
7 This project is an excellent example of the  
8 balanced growth the Chamber supports and  
9 encourages.

10 Thank you.

11 PRESIDING MEMBER MOORE: Thank you,  
12 ma'am.

13 Bill Casey.

14 MR. CASEY: Good evening. I'm Bill  
15 Casey, from Casey Printing here in King City.

16 HEARING OFFICER JOE: Would you spell  
17 your name for the record.

18 MR. CASEY: C-a-s-e-y.

19 I wanted to come and -- and show my  
20 support for this Calpine project. I'm a lifelong  
21 resident of King City. My company is one of the  
22 town's larger employers.

23 Calpine's just down the street and  
24 around the corner from our printing plant, and  
25 from the get-go it's been a good neighbor. Many

1 of my friends, some of my friends work for  
2 Calpine, and one of my neighbors works for  
3 Calpine, and my experiences with them and my  
4 friends is that Calpine's been a great employer to  
5 work for, supportive of this community, and part  
6 of this community, and has grown and become a very  
7 important part of this community.

8 And we're looking forward to seeing them  
9 become a bigger part of this community, and  
10 continue their growth, and hope they can prosper  
11 here into the future and help supply us with  
12 needed power.

13 PRESIDING MEMBER MOORE:: Thank you very  
14 much. Appreciate your comments.

15 MR. CASEY: Thank you.

16 PRESIDING MEMBER MOORE: Francis  
17 Giudici. And I apologize if I --

18 (Laughter.)

19 MR. GIUDICI: My name is Francis  
20 Giudici, it's G-i-u-d-i-c-i. I'm the President of  
21 L.A. Hearne Company, a local ag service and  
22 production facility right around the corner from  
23 Calpine.

24 We also support the project. We feel  
25 that energy is necessary in our operations. If we

1       don't have constant power, we have inefficiencies  
2       and problems, so their project will aid us with  
3       that, and we appreciate them bringing it to King  
4       City.

5                     Thank you.

6                     PRESIDING MEMBER MOORE: Thank you very  
7       much. I appreciate your comments.

8                     All right. In order to not embarrass  
9       myself, John, the real estate agent.

10                    (Laughter.)

11                    MR. BUTTGEREIT: We knew Giudici would  
12       test you, but Buttgereit would throw you, yes.

13                    PRESIDING MEMBER MOORE: All right.  
14       I'm leaving the -- this card, I'm going to give it  
15       -- we're going to have a quiz back in Sacramento,  
16       and I'm thinking it, as it is written here, you're  
17       a doctor, right? Really, this is the way -- you  
18       learned to write this way?

19                    MR. BUTTGEREIT: That's right. That's  
20       it.

21                    PRESIDING MEMBER MOORE: You're a  
22       doctor, right?

23                    MR. BUTTGEREIT: That's -- that's the  
24       way it is. That's right, exactly. I was trying  
25       to write it on my lap, and the name is hard enough

1 to begin with, so.

2 My name is John Buttgereit, and if you  
3 need to spell that, B-u-t-t-g-e-r-e-i-t. And I  
4 want to welcome you to King City. Thank you for  
5 being here.

6 King City is a small town. Our economic  
7 base is based primarily on agriculture. And as  
8 you're probably aware, small agricultural  
9 communities, in particular, have a difficult time  
10 providing services to their citizens. King City  
11 is unique in that we have been able to do a good  
12 job in providing benefits to our citizens. There  
13 are several new projects. In the last ten years  
14 there have been several new projects funded by our  
15 City Council, or, actually, funded by our  
16 redevelopment agency, that have -- that have aided  
17 our citizens and made us a more prosperous and  
18 viable community.

19 The primary property tax base for that  
20 redevelopment agency is the present cogeneration  
21 plant. That cogeneration plant, in my mind, has  
22 been -- the result of the cogeneration plant has  
23 been all these new services, everything from a  
24 library to a new park to a new fire truck. Right  
25 down the line, there's been many benefits.

1                   Now, this plant, though, the last 11  
2                   years I can safely tell you that I have never  
3                   heard a negative comment about this present  
4                   cogeneration plant. We can't hear it. With the  
5                   exception of a small steam flume once in awhile,  
6                   we can't see it. Yet it's been a good part of our  
7                   community, and it does employ some of our local  
8                   citizens.

9                   Now, this new plant, from what I  
10                  understand, with even less emissions and a lower  
11                  sound problem, to me is -- can be nothing but  
12                  benefit for the community. The people that I've  
13                  talked to in the last few days, the citizens, my  
14                  friends, they are certainly in favor of this.

15                 And with that, I would like to ask you,  
16                 if not urge you, to support this plant. Thank  
17                 you.

18                 PRESIDING MEMBER MOORE: Thank you.  
19                 Appreciate your comments.

20                 Brian, I'm going to turn back to you  
21                 briefly. We had a question from the local radio  
22                 station regarding how many homes the power plant  
23                 could provide power to, the normal metric --

24                 MR. McDONALD: About 50,000 homes.

25                 PRESIDING MEMBER MOORE: -- would --

1       you're estimating 50,000 homes are the equivalent  
2       number of homes that this would supply energy to.  
3       And again, it's going to go back out on the grid.  
4       This energy is not directed, should this plant  
5       come about, it's not directed into this community  
6       first. It goes out into the larger grid, and is  
7       then wheeled and redirected by PG&E, in this case.  
8       Well, by the Independent Systems Operator, through  
9       PG&E.

10               So the answer is about 50,000 homes.

11               Keith Breskin, City Manager. Mr.  
12       Manager.

13               MR. BRESKIN: Good evening. I'm Keith  
14       Breskin, City Manager of King City.

15               When I spoke to you very briefly a few  
16       minutes ago, I said welcome to King City. And I  
17       say that in light of the fact that I've been City  
18       Manager here for only about ten months, and I have  
19       been welcomed to King City by a really unique  
20       community that cares about the people, cares about  
21       its role in society. But you've had -- the people  
22       you've had speak before you are some of the most  
23       important community leaders in the city, who  
24       really care about what's best for the community.

25               I can't expand upon what Mayor Pro Tem

1       Zechentmayer said earlier about the good corporate  
2       citizen that Calpine has been. We just, I think,  
3       relish -- the City Council, as a whole, endorses  
4       this project. We relish the fact that we can play  
5       a small part in helping California solve the  
6       energy problem, and we certainly hope that you  
7       find reasons to approve the project.

8               Thank you.

9               PRESIDING MEMBER MOORE: Mr. Manager,  
10       before you leave the podium. Let me just ask you  
11       to comment on the municipal services arena  
12       question of fire or police services. Is it your  
13       experience, or do you have any information from  
14       your managers that would suggest that an addition  
15       like this would impose any unusual or unforeseen  
16       loads on your police or fire services that you  
17       currently offer?

18              MR. BRESKIN: We don't anticipate that  
19       at all. We have talked about this project at our  
20       department head meetings every week, in which the  
21       police chief and the fire chief are there, and  
22       they've expressed no concerns about that. There's  
23       certainly no reason to think that we'd have any  
24       concerns on police protection, and if we can  
25       provide the fire protection for the cogeneration



1       plant that's there now, we can certainly do it for  
2       the peaker plant, as well.

3               PRESIDING MEMBER MOORE:   And you've  
4       experienced no unusual activity in -- or loads, in  
5       terms of serving the existing cogen plant.

6               MR. BRESKIN:   That's absolutely correct.

7               PRESIDING MEMBER MOORE:   Thank you, Mr.  
8       Manager.   Appreciate it.

9               Is there anyone who I didn't get a card  
10      from who really feels that they'd like to add  
11      something for the record?

12              All right.   Seeing none, I'm going to  
13      bring this back to the podium and ask if the  
14      Applicant has anything else that they'd like to  
15      add for the record tonight.

16              MR. HARRIS:   I have a question,  
17      actually, Commissioner.   We do have, in terms of  
18      documents, we have the application.   I know that  
19      ALJ Joe was marking some exhibits, and I didn't  
20      know if he wanted to add this one, as well.   There  
21      are also some data responses that I don't have  
22      copies of, that probably need to be in the record.

23              PRESIDING MEMBER MOORE:   Well, now, the  
24      data responses will come in on the docket, and  
25      we'll note them accordingly.   But I think in the

1 case of the submission, that's appropriate. It  
2 should've been one, but we'll make it Exhibit 3.

3 MR. HARRIS: Okay.

4 PRESIDING MEMBER MOORE: For -- for the  
5 record, because it is already filed.

6 (Thereupon Exhibit 3 was received  
7 in evidence.)

8 MR. ELLER: Just for the record, then,  
9 the public, if they want to look at the -- either  
10 the application or the data responses, those are  
11 available on our Web site.

12 PRESIDING MEMBER MOORE: Okay. And it  
13 might have gotten a little confusing with that  
14 long Web site address. Frankly, if you just go to  
15 the first part of that address, to energy.ca.gov,  
16 that's as far as you get. The map on the front  
17 will allow you to go very easily through and find  
18 not only this case, but if you want to find any of  
19 us at the Commission or our Staff, you can do so.  
20 It's very easy.

21 HEARING OFFICER JOE: There's also -- I  
22 think one -- Walter Winston, is he here? I think  
23 he wanted to make a comment.

24 PRESIDING MEMBER MOORE: Sorry, Mr.  
25 Winston. I didn't realize I -- did I overlook a

1 card from you?

2 MR. WINSTON: Yes. Well, the thing is  
3 my legal name is unpronounceable, so I go by a  
4 radio name when I'm on the air.

5 PRESIDING MEMBER MOORE: All right.

6 MR. WINSTON: And, you know, the  
7 community I feel needs the power for public safety  
8 reasons. You know, because the rolling blackouts  
9 that have been taking place in the past, the  
10 community needs the power for public safety  
11 reasons, and this project should be and must be  
12 approved without further delay.

13 In fact, I think they ought to be build  
14 as many as they need to provide power, just for  
15 the public safety reasons. I know we at the radio  
16 station, we use a lot of power just to stay on the  
17 air and keep the public informed of what's going  
18 on, and even in case of an emergency.

19 PRESIDING MEMBER MOORE: How do you  
20 handle the blackouts? How -- how is your radio  
21 station set up to handle blackouts?

22 MR. WINSTON: Well, our transmitters, we  
23 have two stations in town. So our transmitters,  
24 you know, if we're on that block to go down, we  
25 have to make an announcement. If we know ahead of

1       time, we'll make an announcement that we'll be  
2       going off the air because of the rolling  
3       blackouts, and then that way our listeners can  
4       tune back in when we go back on.

5               PRESIDING MEMBER MOORE: Do you -- are  
6       you notified separately by PG&E that you're -- you  
7       might be going down? Do you get any advance  
8       warning, as a radio station?

9               MR. WINSTON: Up to the last two  
10      outages, we have had advance notice.

11              PRESIDING MEMBER MOORE: But the last  
12      two, not.

13              MR. WINSTON: The last two, I didn't get  
14      any advance notice.

15              PRESIDING MEMBER MOORE: Do you have any  
16      backup, emergency backup to allow you to continue  
17      transmitting?

18              MR. WINSTON: Well, since we're on  
19      different blocks, our FM and AM are on different  
20      blocks, so if our AM goes down, I can have our  
21      listeners switch over to our FM, and we can  
22      broadcast bulletins as needed. And vice-versa.

23              PRESIDING MEMBER MOORE: Are you the  
24      emergency broadcast station for this area?

25              MR. WINSTON: I believe we are. In

1 fact, we're the only radio station from Salinas to  
2 San Luis Obispo.

3 PRESIDING MEMBER MOORE: And that's the  
4 AM or the FM?

5 MR. WINSTON: Both. Both stations.

6 PRESIDING MEMBER MOORE: And there's no  
7 special preference given to -- to that category by  
8 the ISO, or by PG&E, as far as going down in a  
9 blackout?

10 MR. WINSTON: I believe we're -- we're  
11 on the same block, just like everybody else.  
12 We're on different blocks.

13 PRESIDING MEMBER MOORE: Well, thank you  
14 for your comments. I appreciate them very much.

15 MR. WINSTON: Air name, W-i-n-s-t-o-n.

16 PRESIDING MEMBER MOORE: Thank you very  
17 much.

18 All right. With -- yes.

19 MS. GARRETT: Real briefly, please?

20 PRESIDING MEMBER MOORE: Public Adviser.

21 MS. GARRETT: Two quick notes.

22 First of all, I did want to let the  
23 public know that we do have copies of the  
24 permitting schedule back on the information table.  
25 And if they haven't done so, to please sign the

1 sign-in sheet when you leave.

2 Thank you.

3 PRESIDING MEMBER MOORE: Thank you very  
4 much.

5 Applicant, any further questions?

6 MR. HARRIS: I think we're fine. Thank  
7 you.

8 PRESIDING MEMBER MOORE: All right.  
9 With that, I'm going to close this hearing, and  
10 say a gracious thank you to the city, our host,  
11 for letting us use their chambers. And I've  
12 cleaned up so the Mayor won't find any mess up  
13 here from when we were eating --

14 (Laughter.)

15 PRESIDING MEMBER MOORE: -- I promise.  
16 And I want to thank you again for your indulgence,  
17 and you'll see our decision very rapidly. You'll  
18 see it on the Net before you see it anywhere else.

19 This hearing is closed.

20 (Thereupon the hearing was  
21 concluded at 7:30 p.m.)

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## CERTIFICATE OF REPORTER

I, SCOTT KING, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Hearing; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said Hearing; not in any way interested in the outcome of said Hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of April, 2001.

SCOTT KING

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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